

EUROPEAN PARLIAMENT

Working Documents

1982-1983

19 March 1982

DOCUMENT 1- 30/82/A

Report

drawn up on behalf of the Committee on Agriculture

on the proposals from the Commission of the
European Communities to the Council (Doc. 1-1033/81)
on the fixing of prices for certain agricultural
products and on certain related measures (1982/1983)

Rapporteur: Mr David CURRY

PART A

- Motion for a resolution -

PE 77.140/fin./A

By letter of 12 February 1982 the Council of the European Communities consulted the European Parliament, pursuant to Article 43 of the Treaty establishing the EEC, on the proposals from the Commission of the European Communities to the Council on the fixing of prices for certain agricultural products and on certain related measures (1982/83).

On 17 February 1982, the President of the European Parliament referred these proposals to the Committee on Agriculture as the committee responsible and to the Committee on Budgets, the Committee on the Environment, Public Health and Consumer Protection, and the Committee on Development and Cooperation for an opinion.

On 7 January 1982 the Committee on Agriculture appointed Mr. Curry rapporteur.

It considered these proposals at its meetings of 4 and 5 February 1982, 15 February 1982, 23 and 24 February 1982, 8 March 1982 and 16 and 17 March 1982.

At the latter meeting it adopted the motion for a resolution by 26 votes to 12 with 5 abstentions.

The following took part in the vote:

Sir Henry PLUMB, Chairman; Mr FRÜH, Mr COLLESELLI and Mr DELATTE, vice-chairmen; Mr CURRY, rapporteur; Mr ABENS (deputizing for Mr GATTO), Mr ADAMOU, Mr BARBAGLI (deputizing for Mr KALOYANNIS), Mr BATTERSBY, Mr BLANEY, Mr BOCKLET, Mrs CASTLE, Mr CLINTON, Mr DALSA, Mrs DESOUCHES (deputizing for Mrs HERKLOTZ), Mr DIANA, Mr EYRAUD, Mr GAUTIER, Mr HELMS, Mr HORD, Mr KIRK, Mr LALOR (deputizing for Mr DAVERN), Mr LIGIOS, Mrs LIZIN (deputizing for Mr LYNGE), Mr LOUWES (deputizing for Mr CAILLAVET), Mr MAFFRE-BAUGE, Mr MAHER, Mr MARCK, Mrs Simone MARTIN, Mr MOUCHEL, Mr Brøndlund NIELSEN, Mr d'ORMESSON, Mr PAPAPIETRO, Mrs PERY (deputizing for Mr SUTRA), Mr PROVAN, Ms. QUIN, Mr THAREAU, Mr TOLMAN, Mr VERNIMMEN, Mr VGENOPOULOS, Mr VITALE, Mr WETTIG and Mr WOLTJER.

The opinions of the Committee on Budgets, the Committee on the Environment, Public Health and Consumer Protection, and the Committee on Development and Cooperation will be published separately.

The Committee on Agriculture hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposals from the Commission of the European Communities to the Council on the fixing of prices for certain agricultural products and on certain related measures (1982/1983)

The European Parliament,

- having regard to the proposals from the Commission of the European Communities to the Council (COM(82) 10 final),
- having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc. 1-1033/81),
- having regard to the report by the Committee on Agriculture and the opinions of the Committee on Budgets, the Committee on Development and Cooperation and the Committee on the Environment, Public Health and Consumer Protection (Doc. 1- 30 /82),
- having regard to Article 39 of the Treaty establishing the EEC,
- having regard to the savings made in the agricultural sector in the 1981 budget,
- having in view the severe economic recession in Europe, and the consequent high levels of unemployment resulting in part from the reduction of purchasing power in agriculture and in particular of investment,
- having regard to the need to ensure that spending on agriculture at the Community level is as effective as possible in combating the crisis,
- whereas the principles of the Common Agricultural Policy, namely market unity, Community preference and financial solidarity, should be safeguarded,

- having regard to the extremely sharp fall in farmers' real incomes over the past three years, which are now lower than they were ten years ago as a consequence of the cautious price policy pursued by the Community at a time when farmers had to contend with an unprecedented rise in costs and in particular very high rates of interest,
- considering that a further reduction in agricultural earnings in 1982 is unacceptable since it would have the effect of speeding up the flight from the land and creating even higher unemployment,
- having regard to the considerable contribution made by the European farming sector to the maintenance of employment in rural areas, to regional planning, to economic growth in **supply** and downstream sectors, to security of food supplies and to exports,
- having regard to the severe disparities between inflation rates which range from 6 to 23% according to Member State and to the fact that the situation is aggravated by the simultaneous existence of widely different interest rates,
- whereas MCA's should be dismantled as rapidly as possible in such a way as to avoid substantial distortion of competition without, however, adversely affecting the income of agricultural producers in the countries concerned,
- considering that the increase in common farm prices does not automatically have proportional repercussions on the budget,
- considering that it is necessary for the increase in prices to be accompanied by complementary measures for the benefit of farmers in those **Member States where interest rates and inflation rates are considerably in excess of the Community average,**
- having regard to the worsening international food situation and the increase in malnutrition,
- whereas care should be taken as far as possible in fixing common prices to avoid the creation of undue advantages for certain countries and unjustified penalties for others,
- whereas the fixing of production targets and prudent **prices** mainly affects small and medium sized farmers,

Agricultural Prices - General Considerations

1. Requests the Council to fix the prices and related measures for the 1982/1983 marketing year by 1 April 1982 at a fair level, using as a basis the results of the objective method and taking account of the need to restore farming incomes;
2. Calls on the Council not to regard the fixing of farm prices and the problem of the British contribution to the budget as aspects of the same matter;
3. Believes that the objective method of determining agricultural prices is absolutely defensible, but in an effort to reach a compromise proposes that the figure for the 1982/83 marketing year to be fixed at 14%;
4. Requests that all measures supplementary to prices be designed in such a way as to ensure that farmers receive at least the full Community market price for all products wherever sold;
5. Notes the Commission's proposals to reduce MCAs provided that this does not impede a fair growth in farm incomes in the countries concerned;
6. Calls on the Commission to propose supplementary measures enabling the increase in production costs to be reduced in countries with a high rate of inflation;
7. Rejects the Commission's proposals that the principle of co-responsibility be extended to further product sectors;
8. Requests the Council to adopt, in the context of the definition of the 1982/83 prices, specific and temporary Community measures compatible with the fundamental principles of the CAP for farmers who have faced much higher inflation and interest rates than the Community average;
9. Asks for strict compliance with Community preference in all production sectors and for the maintenance of the guarantees given to producers under the existing market organizations which should be strengthened to give guarantees with equivalent effect in all sectors, particularly for Mediterranean products;

10. Confirms the position expressed by it in its resolution on the Commission's proposals on the fixing of prices for certain agricultural products and on certain related measures for the 1981/82 marketing year, as regards the need for a comprehensive common policy on animal and vegetable fats produced in or imported by the EEC together with the need for rules on levy-free imports of substitute products;
11. Reiterates its request to the Council to approve at the earliest possible opportunity the package of structural measures taking account of the amendments and additions proposed by Parliament in its resolution of 13 March 1980;

Dairy Sector

12. Believes that the existing flat-rate co-responsibility levy, by lowering prices to producers without bringing about any compensatory stimulus to consumption through lower retail prices and failing totally to help the incomes of smaller producers, has simply aggravated the economic problems of the dairy sector, and should be abolished forthwith;
13. Reminds the Commission and the Council of the request put forward by the European Parliament in the Resolution drawn up by Mr Adonnino that the co-responsibility resources not yet used in 1981 in the context of specific co-responsibility measures be carried forward to the 1982 budget;
14. Considers that the amount of 120 million ECU proposed to support the earnings of small producers should be granted as aid to producers engaged in full-time farming activities with dairy herds well below the EEC average size;
15. Considers that all the existing programmes for the disposal of dairy products should be maintained, while marketing aids, e.g. for butter fat, which have been suspended should be re-introduced;
16. Calls on the Commission to propose measures to encourage the utilization of natural milk for feeding calves since this would result in substantial savings for the Community budget;
17. Requests that trace elements are introduced into milk powders used for animal feed in order to facilitate anti-fraud surveillance;
13. Approves the improvement in the school milk scheme;

19. Considers that the Commission should pay greater attention to ensuring that the quantity of milk produced is used in the most effective manner possible, by, for example:

- greater differentiation of product prices to encourage consumption,
- administrative assistance and technical advice to producers' organizations entering the export market,
- concluding long-term export contracts;

20. Considers it necessary for the Commission to make every endeavour to organize conditions for exporting milk products on the world market in such a way that benefits do not accrue to purchasers at the cost of the Community budget;

Cereals

21. Rejects totally the idea that the Community can commit itself definitively in regard to its agricultural price level by proposing a once and for all alignment of European prices on production prices in other major producer countries (USA), deliberately ignoring their production conditions and taking no account of any possible changes in parity between the dollar and European currencies;

22. Considers that the increases proposed for maize and durum wheat, of which there is still a considerable shortfall in the Community, are particularly inadequate;

23. Rejects any production target for the cereals sector that does not take into account the present level of imports of cereals substitutes and its future evolution;

24. Accepts the principle of reducing the difference between the price of common wheat of minimum quality and the common intervention price for feed grains;

25. Approves the proposed first stage of the abatement of the price for lowest quality barley, but asks for a revision of the subsequent progressive stages and requires that this further stage should not proceed without endorsement by the European Parliament;

26. Rejects the 10 hectare limit on aid to durum wheat on the grounds that it introduces an excessive discrimination between producers; suggests that the Commission consider replacing it by a measure restricting aid to all producers in traditional areas of output;

27. Asks for the price for durum wheat - a product in short supply - to be increased by a percentage higher than that fixed for soft wheat;
28. Endorses the ideas proposed for uniform control of quality of exported cereals in the interest of safeguarding the Community's long term export role;
29. Believes that the differentiation of prices between cereals of bread making quality and cereals for feed has been rendered invalid by the widely varying way in which the criteria are implemented by the Member States, and therefore urges that these criteria be applied uniformly by all the Member States;

Cereal Substitutes

30. Requests the Council to define a specific mandate for the Commission on the limitation of substitute products, on the understanding that the 1981 level of imports must not be exceeded;
31. Considers that production targets would only be acceptable if they were accompanied by a limit on imports of cereal substitutes, since Community discipline cannot be imposed on cereal producers unless the same discipline is imposed on importers of substitute products;
32. Points out that Community preference in the cereals sector may be undermined and that the Community's agricultural production is threatened by growing distortion, with production based not so much on efficiency criteria as on imported foodstuffs the prices of which are considerably affected by monetary factors;
33. Believes that the concept of import levies should be introduced to restore competition on equal terms with Community cereals;
34. Does not believe that a lower than average increase in prices for cereals will significantly promote their use in compounding, since substitute products may themselves be available at lower prices;
35. Notes that the 1980 draft voluntary restraint agreement with Thailand on manioc exports has still not been signed and that the negotiations with the other suppliers (Indonesia and Brazil) have also not been satisfactorily concluded; considers therefore that the problem of cereals substitutes cannot be solved merely by the conclusion of voluntary restraint agreements with the exporting countries; urges that a global approach be adopted and therefore calls on the Commission to seek a mandate with a view to extending the negotiations to all cereals substitute products whether or not consolidated under GATT;

36. Asks the Commission to open consultations with the United States with a view to reaching similar voluntary restraint agreements on United States' exports of cereal substitutes, and in particular of maize gluten feed and soya;
37. Requests the Commission to deal with the problem of sweet potatoes simultaneously with that of manioc;
38. Rejects the proposal to bring the levy on cereal brans into line with the levy on cereals unless there is a general solution to the problem of cereal substitutes;
39. Notes the importance of maize gluten, citrus fruit pulp and other by-products ~~of the agri-food industry~~; requests the Commission to ascertain whether suppliers, and in particular the USA, are receptive to the idea of self-limitation and, in the event of disagreement, requests the Commission to fix levies on these products;

Oils and Fats

40. Insists once again on the need to institute a proper oils and fats policy, in particular the introduction of a levy on imports of vegetable oils and fats;

Sugar

41. Reminds the Commission and Council of the call made by the European Parliament in the resolution drawn up by Mr Ferrero⁽¹⁾ for the Community to join the International Sugar Agreement provided that the problem of sweeteners is covered by this agreement;
42. Considers that the ACP sugar price should automatically rise at the same rate as the Community domestic sugar price and that ACP sugar should not be subject to separate annual negotiation;

Vegetable proteins and oilseeds

43. Believes that the Community should continue to attempt to improve the EEC trade balance in protein products;

⁽¹⁾ Ferrero Report, para. 51 Doc. 1-341/80, OJ No. C 265, 13.10.1980, p.44

44. Considers that further assistance can be given to the production of a number of vegetable proteins in the Community, and in particular peas and field beans; requests the Commission to look into the incorporation of other suitable protein crops such as lupins in the common organization of the market in peas and field beans;
45. Believes, at the same time, that the Commission must take steps to simplify the market organization for peas and field beans;
46. Approves the Commission's proposals for dried fodder but asks the Commission to outline its longer-term proposal for this sector in view of its very high energy costs;
47. Approves the proposal to extend aid to peas and field beans for human consumption;
48. Considers that the price proposed for peas and field beans should be increased by a percentage substantially above the average;
49. Requests the Commission to simplify the controls on the grant of aid to peas and beans while ensuring that imported pulses do not receive aid fraudulently;
50. Rejects the proposed production target for colza, in view of the substantial Community deficit in vegetable proteins and oils, the conversion to varieties with a low content of erucic acid in the oil and the need to encourage production of varieties with a low content of glucosinolate;
51. Approves the proposal for a subsidy for the use of untreated colza seed in the feeding of livestock;
52. Believes that sunflower, which finds a ready market, presents good opportunities for increased production and should be encouraged; the price should be increased by a percentage substantially above the average;

Beef

53. Notes the decline in the beef herd, and that the relative buoyancy in market prices is due mainly to shortage of market supply; recognizes therefore that incomes in the beef sector need to be reinforced in order to ensure an adequate flow of beef on to the market so permitting stabilization of prices for consumers, the encouragement of specialized beef cattle rearing being an effective way of absorbing the dairy surplus;
54. Is concerned at the progressive dismantling of the intervention system which is no longer playing its original role of an incomes 'safety net'; calls on the Commission to strengthen intervention and restore its automatic application;
55. Deplores the proposal to reduce the basic rate of suckler cow premiums from 20 to 15 ECU as any increase in nationally funded contributions to the premium will further distort the Community beef market;
56. Rejects the proposal for a two-stage increase in beef prices; considers that the increase proposed is inadequate;
57. Stresses the importance of ensuring that the carcass classification scheme is introduced effectively throughout the Community;
58. Requests that reference market price information be improved;
59. Notes the need to ensure security of supplies of raw materials for processing;
60. Believes that a category of processing beef for intervention should be introduced as well as a differentiation in export refunds based on quality so as to promote the availability of prime beef on both the internal and external markets without having substantial recourse to the intervention system and at the same time to ensure that the Community processing industry is regularly supplied with raw materials without the present, substantial recourse to imports which leads to an increase in the Community's total exports of beef and veal;

Pigmeat

61. Instructs the Commission to administer the pigmeat market in such a way that producers will obtain the established basic price;

62. Believes that the Community's internal market for pigmeat should be guaranteed better protection against imports from third countries so that the established aims of the market organization can be attained; therefore proposes that the present system should be changed to allow for the automatic imposition of a supplementary import levy once the Community's internal market price, the reference price, falls under the established minimum price;

Sheepmeat

63. Rejects the proposed change in the relationship between the guide price and the basic price;
64. Considers that the Commission should propose measures to encourage sheep farming;

Wine

65. Considers that the price of wine must be increased by more than the average; Considers moreover that account should be taken of the resolution adopted by Parliament in April and November 1981 concerning short, medium and long-term measures necessary to rationalize the wine market, and of a draft opinion now being prepared by the Committee on Agriculture on the recent proposals from the Commission;
66. Considers that tax measures must be harmonized and excise duties which make wine consumption prohibitive in certain Member States abolished;
67. Calls for compliance with the ban on planting or replanting in areas which are not natural wine-growing areas;

Fruit and vegetables

68. Considers that the price of fruit and vegetables must be increased by a percentage higher than the average ; considers that account must be taken in respect of the common market regulations of the specific proposals now being drawn up on the European Commission's proposal to amend Regulation 1035/72;
69. Considers that the increase in the price of tomatoes and mandarins must be set at the same level as for other fruit and vegetables;

70. Asks for the Community regulation on citrous fruits to be amended to enable pigmented oranges to be used for processing, which is not possible at present since the withdrawal price is higher than the price paid by industrial operators;

71. Asks for the penetration premium for clementines and lemons to be maintained at the present level;

Olive Oil

72. Considers that prices and production aid must be set at a level higher than the average;

73. Considers further that in regard to the other measures, Parliament should reserve the right to deliver its opinion in the context of the proposals which the Commission has recently submitted to the Council for this product;

74. Rejects the abolition of the monthly increases for extra-virgin olive oil;

Rice

75. Considers it necessary to direct production towards the grades of rice required by the market, namely Comune and Superfino cristallino, for which a price increase higher than that set for the other grades should be introduced;

76. Requests that imports of parboiled rice should be treated in the same way as other varieties of rice;

Tobacco

77. Considers that there should be a greater differential in prices and premiums in favour of the varieties for which a market exists, for example Burley, Kentucky and Bright; the price increase for these varieties should be higher than that fixed for other types;

78. Does not accept the proposal to reduce from 90 to 85% the existing relationship between intervention prices and target prices for all varieties, since this ratio is already at 80% for varieties experiencing difficulties on the market; this measure is therefore an unjustified and indiscriminate reduction in the guarantee granted to the tobacco sector;

Cotton

79. Believes that cotton provides a valuable crop for the Mediterranean regions, for which no problems of market disposal exist: therefore the price increase should be substantially higher than the proposed average;

Final Considerations

80. Stresses once again the need for a strengthening of EMS cooperation and therefore calls on the Member States which do not at present take part in monetary cooperation within the EMS to join the system; reiterates its request to the Commission and Council to take steps to ensure that the United Kingdom joins the European Monetary System;
81. Requests the Commission to submit proposals in response to the economic problems and political tensions caused by the disparity between inflation rates in the various Member countries which is undermining the uniformity of the markets and prices;
82. Believes that the Community must tackle the basic problem confronting it today in seeking to maintain agricultural incomes in the face of widely differing rates in input price inflation;
Notes that the present system of monetary compensatory amounts provides only partial and imperfect compensation;
83. Believes that no measures should be adopted which further increase costs and reduce farmers' incomes, particularly in the livestock sector which accounts for 60% of the value of the Community's agricultural production;
84. Requests the Commission to examine the problem of the transfer of farms to young farmers and to submit proposals at an early date to solve the problems outlined above;
85. Believes it essential for the Commission to propose and the Council to agree on a code of discipline governing national financing for agriculture, so as to give farmers the possibility of competing on reasonable and predictable terms across the Community; asks for Community criteria to be laid down on national aids;

86. Strongly criticizes the belated submission of the price proposals, having regard to the need for agricultural prices to ensure a reasonable income for farmers, and asks for the 1983/84 price proposals to be submitted already in October this year in accordance with the Treaty provisions;
87. Expresses its total lack of belief in the consumption forecasts contained in the Mandate Document and asks the Commission to introduce a system for the drawing up of more accurate medium term forecasts of Community agricultural production and consumption by sector, and for the more rapid analysis of trends of farmers' incomes by sector and region;
88. Requests the Commission, pursuant to the second paragraph of Article 149 of the EEC Treaty, to amend its proposals in accordance with this resolution.

